

FISCAL NOTE
SB 3 - HB 3

February 6, 1997

SUMMARY OF BILL: Abolishes the Tennessee Higher Education Commission (THEC) as of July 1, 1997 and specifically transfers the following responsibilities to the Department of Finance and Administration: (1) licensure of post-secondary private schools; (2) rulemaking for military service tuition credit; (3) receive reports on student activity fees; (4) report on student tuition subsidy; (5) determine limit for nonresidents who can attend some community college at in-state rates.

ESTIMATED FISCAL IMPACT:

**Other Fiscal Impact - Transfer of \$721,300 to F&A from THEC and \$1,372,000
to Other Higher Education Agencies from THEC
Transfer Flow Through Grants totalling \$24,149,500 from
THEC to F&A**

In the absence of a coordinating board, it is assumed that: (1) the Department of Finance and Administration would assume the budget analysis functions now performed by THEC; (2) eleven of the 33 positions at THEC and related expenses will be transferred to F&A; (3) the remaining 22 positions will be transferred to other higher education agencies as well as those functions relating to Veterans Affairs and Academic Affairs. Other responsibilities of the Commission are either delegated to another entity or are left with the entities that currently share the responsibility with THEC; (4) any equipment would transfer with the affected functions, so no startup costs are included; (5) the Department of F&A would have responsibility for flow-through grants now administered by THEC (Contract Education, Centers of Excellence, Campus Centers of Emphasis, and THEC Grants including tuition discount, TN Pre-Professional Program, Community Service awards, and federal Eisenhower Math and Science grants). These funds are included in the Governor's Budget and would come from the recommended 1997-98 THEC budget.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director